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Chairman: Mr. Chowdhury ..... (Bangladesh)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

Contents

Agenda item 143: Report of the Secretary-General on the activities of the Office of Internal Oversight Services (*continued*)

Agenda item 114: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Reports of the Office of Internal Oversight Services

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The meeting was called to order at 10.10 a.m.

Agenda item 143: Report of the Secretary-General on the activities of the Office of Internal Oversight Services *(continued)* (A/51/432, A/51/530 and Corr.1, A/51/801, A/52/426, A/52/464; A/C.5/52/12)

Agenda item 114: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Reports of the Office of Internal Oversight Services (A/51/933, A/52/339 and Add.1)

1. **Mr. Maddens** (Belgium), speaking on behalf of the European Union and Bulgaria, Cyprus, Latvia, Poland, Romania and Slovakia, said that, as the Secretary-General had noted, the creation of the Office of Internal Oversight Services (OIOS) had been an effective step in the reform process. The Office's third annual report (A/52/426) was particularly detailed, useful and well-presented. The Office's activities were especially important in the context of the current reform process, above all with regard to management advising, the streamlining of procedures and the elimination of duplication. The Under-Secretary-General had rightly emphasized that the Office must work with complete independence, which meant that it must not be involved in any decisions that it might have to scrutinize later on from an oversight point of view.

2. The explanations given by the Under-Secretary-General in his preface met many of the concerns raised by Member States during the Committee's debates. On the question of how the information contained in the Office's reports was disseminated by the media, he hoped that the press, in future, would show more objectivity and responsibility.

3. It was encouraging to note that the rate of implementation of the Office's recommendations was increasing from year to year, which seemed to indicate that Secretariat officials recognized their usefulness. The consultation procedures and quality control system adopted by the Office should permit further progress on that score. That being said, it would be useful if the Secretariat could provide more details of the penalties imposed on those guilty of misappropriations that had cost the Organization dearly, especially the action taken on an earlier OIOS report on the Field Administration and Logistics Division. The substantial savings made as a result of the Office's recommendations showed the importance of its activities not only in the area of a posteriori monitoring but also in that of prevention.

4. The procedures currently governing the monitoring of programme execution were cumbersome and their findings difficult to use. Their overhaul should make it easier for programme managers and Member States to evaluate the implementation of mandates and prescribed activities. Internal oversight mechanisms also needed to be improved in order to place greater emphasis on self-monitoring to reduce waste and irregularities.

5. In view of the seriousness of the problems uncovered by the UNAVEM III audit, he would like to receive assurances that appropriate disciplinary action had been taken, or would be taken in due course. The Office of the United Nations High Commissioner for Human Rights should also act to correct the management problems identified by OIOS, and the Office of the United Nations High Commissioner for Refugees (UNHCR) should strengthen its financial infrastructure in the field, especially where relations with its operational partners were concerned. On the matter of investigations, he welcomed the cooperation between OIOS and the judicial authorities in Kenya and Switzerland. Lastly, in its handling of the conflict of interests identified in Habitat, OIOS had demonstrated the effectiveness of the advisory role which it could and must play.

6. He trusted that the General Assembly would be able to take a decision on the proposals made by the Secretary-General in his report on enhancing the internal oversight mechanisms in operational funds and programmes (A/51/801). In that connection, he noted with interest the comments made by the Legal Counsel in document A/C.5/52/12. It was encouraging to note that, in the meantime, cooperation between OIOS and the funds and programmes had been stepped up. It was particularly gratifying that the UNDP/UNFPA and UNICEF Executive Boards had decided to examine the audit reports on their respective organizations yearly and that UNHCR had shown similar pragmatism in concluding an agreement with OIOS.

7. In conclusion, the Secretary-General could count on the countries on whose behalf he was speaking to support the action taken in the area of internal oversight, on the understanding that the Office's function was not to secure budget reductions but to pinpoint inefficient management methods whose improvement would enable the Organization's resources to be used more effectively to implement its mandates.

8. **Mr. Sklar** (United States of America) said that the third annual report of OIOS confirmed that the General Assembly's decision to create an independent oversight body had been a very wise one. His delegation was pleased to hear

that the Secretary-General would continue to support the full and timely implementation of the Office's recommendations by programme managers. Such support was essential for building the more efficient and transparent United Nations intended by the General Assembly. He also commended the Office on the increasingly high quality of its reports, which set new standards of clarity and conciseness that other oversight bodies would do well to emulate.

9. The list of the reports produced by the Office over the past year was extremely useful, in that it gave an overall idea of the Office's activities. It appeared that only some reports were submitted to the Secretary-General and thus transmitted to the Member States, while others were simply used by OIOS and programme managers, although Member States could ask to be briefed on their contents. His delegation wished to know what criteria were used to determine which way a particular report would be treated.

10. His delegation was pleased that the Legal Counsel had issued an opinion, circulated in document A/C.5/52/12, confirming that the United Nations could implement OIOS recommendations, including recommendations for enhancing the internal oversight mechanisms of separately administered funds and programmes, without their formal endorsement by the General Assembly.

11. The table on page 14 of the annual report showed that almost $18 million had been saved or recovered as a result of OIOS action. While that figure was not the primary indicator of the Office's success, it was a measure of the Office's growing effectiveness. Numerous audits of peacekeeping missions had shed light on a variety of difficulties in such areas as procurement, internal controls and payments. His delegation was pleased to hear that the Department of Peacekeeping Operations was particularly diligent in implementing the Office's recommendations and hoped that other entities would demonstrate a similar responsiveness. With regard to assistance to refugees, the Office had audited expenditures of over $150 million in connection with 14 UNHCR country programmes. That was an area which, for a variety of reasons, was prone to difficulties and where there was considerable room for improvement, but his delegation was pleased that UNHCR had given increased attention to the issues involved. The war crimes tribunals were of great interest to his delegation. While it was concerned about the findings of serious and widespread irregularities in the International Criminal Tribunal for Rwanda, it was grateful that OIOS had brought them to its attention. It was also relieved to hear that things had improved noticeably in that regard. The Habitat investigation had confirmed what his delegation had feared for some time, namely, that the Staff Rules did not adequately protect the United Nations from problems of conflict of interest. His delegation would be interested to know whether OIOS, whose findings had contributed to the Secretary-General's new code of conduct, felt that the code now afforded the necessary protection.

12. The progress made must not hide the fact that more remained to be done. Delegations must continue to ensure that the Office received the resources it needed to carry out its mission and endeavour to make it less dependent on the lengthy bureaucratic procedures that had so far prevented it from recruiting all the staff it needed. With regard to the functioning of the Office, his Government was pleased that the manuals of standards for conducting investigations and audits were ready, and would expect that manuals covering inspections and evaluations would soon follow in order to ensure the consistency, professionalism and transparency of all those activities.

13. The way in which programme managers were implementing the Office's recommendations continued to be a source of concern. Even though the situation in that regard was improving, much remained to be done to create an environment in which all staff were constantly motivated to implement those recommendations and create a more effective, efficient Organization. Also, it would be interesting to know how the Office's follow-up system accounted for cases in which a recommendation had been accepted but had then not been implemented.

14. As President Clinton had said in September in his address to the General Assembly, the objective of reform was not to make the Organization smaller but to make it better. Once it was known what worked, what did not work and what could be done more effectively or more efficiently, it would be necessary to determine which activities might be better discontinued. It was up to Member States to decide, clearly and firmly, which activities the United Nations did well and should go on doing and which could be done better elsewhere.

15. **Mr. Jaremczuk** (Poland) said that he wished to make some comments to supplement the statement delivered on behalf of the European Union, with which his delegation associated itself. Poland highly commended the work of the Office of Internal Oversight Services; the establishment of the Office had been a major step in the reform process. Despite its relatively short existence, the Office had strongly proved its usefulness by contributing to a heightened sense of financial responsibility among staff, stricter observance of rules and regulations and elimination of irregularities that were damaging to the Organization, and by encouraging

managers to apply self-evaluation principles during the decision-making process.

16. The concrete results of the Office's activities were shown on page 14 of the report, and the increase in the implementation rate for its recommendations was encouraging. However, it was clear that over half the amount saved or recovered as a result of the Office's actions came from recommended budget reductions. Unfortunately, the other types of recommendations had not been followed up to the same extent: those aimed at reducing expenditures, for example, had yielded no results at all.

17. However, it seemed that at least moderate improvements could be noted in most of the units concerned. However, the fact that there were some particularly serious cases was a source of deep concern. Managers at all levels absolutely must act promptly to correct the problems that had been revealed and prevent any reoccurrence of such situations.

18. **Mr. Hanson** (Canada), speaking also on behalf of Australia and New Zealand, noted with pleasure that during the period covered by the report the Office had identified cost savings and recoveries totalling $29.3 million, of which $17.8 million had been realized. Adding to that result were the deterrent effect of the Office's very existence, which could not be measured, and, most importantly, the enhanced transparency, responsibility and efficiency of the Organization's operations. Internal oversight was an integral part of the new management culture that would make the United Nations more capable not only of saving money but also of accomplishing its objectives and mandates.

19. As the Under-Secretary-General had noted in the preface to his report, the mass of rules and regulations that had piled up over the decades was more likely to confuse staff than guide them in their activities, a fact which did not prevent that huge mass from having lacunae: for example, there was no adequate definition of "conflict of interest". It was to be hoped that the Code of Conduct, although still in draft form, would substantially remedy that problem.

20. While noting with satisfaction that the Office had refined its procedures for client consultation and had introduced a quality control system, his delegation would appreciate more information on the "other methods" mentioned in the preface to the report in respect of quality control.

21. His delegation was encouraged to note that the Organization was making more aggressive attempts to recover sums lost as a result of administrative lapses or outright fraud, going so far, in cases where it was warranted, as to engage the processes of administrative and even criminal justice. Caution was nevertheless required, as a number of past events had shown. Several staff members accused of misconduct had been suspended and disciplinary procedures had been engaged. The Joint Disciplinary Committee had ruled not only that there had been no misconduct, but also that there had been no evidence of any misconduct at all. The case had been appealed to the Administrative Tribunal, which had also found in favour of the staff members because, among other things, due process had not been observed. Ultimately, compensation had been paid to the staff members, the cost of which had been borne by Member States, and all parties had lost in one way or another. His delegation had noted from the report that actions had been taken against a number of staff members and vendors. It was not known when they had been informed of the accusations against them or if they had been given an opportunity to respond. The Under-Secretary-General did indicate in his report that some information had been left out in order to protect individuals' rights, and it was to be hoped that that concern would always be reflected in the Office's activities and its reports. In that regard, it was important for precautions to be taken to prevent any recurrence of documents containing allegations against named individuals falling into the hands of the press and being published.

22. His delegation agreed with the conclusions contained in paragraphs 6 and 7 of the memorandum from the Legal Counsel (A/C.5/52/12, annex): the Office's recommendations were not submitted to the General Assembly for approval. The Office's annual report was submitted to the Assembly for information. For the Assembly to express a view on the findings or recommendations contained in the report could be prejudicial to due process and to administrative, disciplinary, arbitration and legal procedures under way in the cases concerned.

23. The failings cited by the Office could be prevented or corrected by sound management. The Office played a useful role in that regard and should continue to do so, particularly in the areas of performance measurement and enhancing management skills.

24. **Mr. Darwish** (Egypt) said that the report of the Office of Internal Oversight Services (OIOS) revealed the existence of numerous administrative and financial irregularities, which should be vigorously suppressed by the competent bodies and closely monitored by Member States.

25. The Egyptian delegation approved of the choice of areas which the Office had decided to inspect as a matter of priority, namely, peacekeeping operations, humanitarian

activities and procurement, and welcomed the Office's observations about the need to improve the quality of horizontal communication within the Secretariat and within separately administered funds and programmes. It wished to know what corrective measures were proposed for the numerous regulations that were obstacles to the sound management of the Organization's human and financial resources, and it hoped that the recently published code of conduct would help to fill the gaps that existed in the legal instruments of the Organization, including in the area of conflicts of interest. While it welcomed the transparency of the report prepared by the Office, the Egyptian delegation would have preferred to see a listing of those shortcomings in the report. It also wished to know whether there was a unit within the Secretariat that was responsible for ensuring the follow-up to the recommendations which the Office had made on the cases of fraud, falsification or embezzlement mentioned in the report, and whether arrangements had been made to severely punish the authors of such misappropriation of funds and to prevent them from being employed in other branches of the Organization. Regarding the case of falsification and embezzlement that had been discovered in the United Nations Relief and Works Agency for Palestine Refugees in the Near East, which had cost the Organization $355,000 between 1992 and 1995, Egypt wished to know whether any attempt had been made to recover that sum and whether the perpetrator of the fraud had been punished. It would also welcome additional information on the underutilization of the two aircraft which had been used for mission support activities in the former Yugoslavia and on the disposition of unserviceable munitions.

26. The Egyptian delegation would have preferred the media to pay greater attention to the significant achievements of the Office, instead of focusing on the financial and administrative irregularities revealed in its report in order to denigrate the United Nations. It also hoped that the cooperation between the Office and the programmes and funds of the United Nations would help to strengthen internal oversight activities.

27. **Ms. Silot Bravo** (Cuba) again asked why the reports of the Secretary-General on the activities of the Office were accompanied by a preface by the Under-Secretary-General for Internal Oversight Services, which was contrary to common practice. Unfortunately, the preface tended to evaluate the performance of the Office in terms of its impact on the media and on public opinion and she wished to recall that the Office had been established by resolution 48/218 B to guarantee the implementation of the mandates given by Member States.

28. The Cuban delegation noted that the Office was endeavouring to improve its system of consultations with clients, the quality of its recommendations and the process for the preparation of its reports. It wished to know to what extent consideration had been given in that process to the views of programme managers and to the provisions of resolution 48/218 B.

29. She would welcome clarification of a number of points in connection with the table presented on page 14 of the annual report: what budget reductions had been made during the current biennium in conformity with OIOS recommendations? What activities and budget sections were affected by those reductions? Had the amount of $104 million in cost savings, which had been decided upon in resolution 50/214, been surpassed? Was it possible to have more detailed information on the role of the Office in the efficiency reviews requested in resolution 51/221? How could the $10.1 million indicated in that table as resulting from the implementation of OIOS recommendations be reconciled with the cost savings reported by the Secretary-General in document A/51/873? Where were the losses caused by the electronic access system at Headquarters reported? She regretted the Office's failure to identify those responsible for the above-mentioned losses. Lastly, she wished to know how the Office had been able to participate in the budget process, since it did not have a mandate to do so.

30. Her delegation noted that the Office was currently establishing guidelines to facilitate evaluation and oversight of its own activities, which should help to prevent overlapping among its different subprogrammes. It also took note of the priorities of the Office and found the audits of peacekeeping operations and related procurement to be very useful. She wished to reiterate that the creation of new bodies was the exclusive prerogative of Member States.

31. The Office recommended increased use of outsourcing to improve efficiency and reduce costs. That practice, however, could have an adverse impact on the quality of the services provided to Member States and on observance of the principle of equitable geographic representation. The delegation of Cuba hoped that the General Assembly would exercise prudence in making recommendations on that subject.

32. The process of consultation with the policy-making organs of operational funds and programmes was still in its initial stages. In many cases, the policy-making organs had merely taken note of the report, without taking any decision on the substantive issues raised. In that connection, the Cuban delegation was of the view that, in its monitoring of

funds and programmes, the Office should not exceed the limits of its mandate. It therefore believed that the recommendations contained in its report (A/51/801) were inappropriate, particularly those concerning the unification of reporting procedures and those aimed at giving the Office greater responsibility for enhancing internal oversight mechanisms in the funds and programmes.

33. In document A/C.5/52/12, the Legal Counsel gave an opinion on the role of legislative bodies in the process of reporting on the activities of the Office. Her delegation would welcome information on the particular mandate that authorized the Legal Counsel to reinterpret a decision that was for intergovernmental bodies to make. It wished to know how the Office had taken into account, in its recommendations for enhancing the internal oversight mechanisms in operational funds and programmes, the opinions of their policy-making organs which, in many cases, had not yet taken any decisions on the matter. Cuba reserved the right to return to the issue and wished to express at once its serious reservations on the opinion expressed by the Legal Counsel, which seemed to be tendentious and to constitute interference in the process of intergovernmental negotiation.

34. Cuba welcomed the concrete measures that had been taken to strengthen cooperation between the Office and external oversight bodies. It hoped that progress would continue to be made in that direction and stressed the need for full compliance with the provisions of paragraph 5(c) (iii) of resolution 48/218 B.

35. The proposed programme budget for the biennium 1998-1999 requested for the Office total resources that were 16 per cent greater than the amount which had been approved in the current budget, as well as an increase of 43.4 per cent in the resources earmarked for travel expenses and an increase of eight posts over the comparable figure for the biennium 1996-1997. In addition, the Secretary-General intended to convert seven temporary posts into permanent posts and to continue to use the services of gratis personnel and of consultants and experts. In that connection, the Cuban delegation, like the Advisory Committee for Administrative and Budgetary Questions, believed that there was no need to have recourse to the services of gratis personnel for the activities of the Office and that it would be better to put an end to that practice as soon as possible, in accordance with the provisions of General Assembly resolution 51/243. It also believed that the Office should make as little use as possible of the services of consultants and experts. It was surprising, moreover, to note that a significant increase had been proposed in the resources to be allocated under that section, even though the General Assembly had not listed it among its priorities and the budget reductions proposed in other areas would have an adverse impact on programme execution. The Cuban delegation hoped that the necessary steps would be taken to ensure that double standards would no longer be used in the proposed programme budget.

36. Lastly, she hoped that the Fifth Committee would give due consideration to the priorities set by the General Assembly when it took a decision on the activities of the Office of Internal Oversight Services.

37. **Mr. Kabir** (Bangladesh) commended the work of the Office and welcomed the steps taken to improve the presentation of the annual report by including a list of the reports submitted between 1 July 1996 and 30 June 1997. It was gratifying to note that a number of the Office's recommendations had been implemented, but his delegation wished to have more details on the effect of the savings resulting from the Office's activities on the work of the bodies concerned. In his preface the Under-Secretary-General had said that duty stations away from Headquarters seemed very distant from New York in terms of work procedures, common goals and shared values. That was disturbing; the Office should be asked whether it had analysed the reasons for those differences and whether it had taken steps to rectify the situation, bearing in mind the diverse cultures and needs of Member States.

38. The Under-Secretary-General had also indicated that rules and regulations often protected staff members from being held accountable and had done too little to protect the interests of the United Nations. His delegation supported any measures to strengthen a sense of responsibility and discipline, although it found it hard to understand how there could be any divergence between the interests of the Organization and those of the staff. He also shared the view of the representative of the Republic of Korea that the Office should not draw attention only to deficiencies but should also recognize successes and satisfactory results.

39. His delegation endorsed the priorities set by the Office: peacekeeping, humanitarian activities and procurement. It noted that satisfactory results had been achieved in the various Secretariat departments, but the persistence of irregularities and embezzlement in some peacekeeping missions and in the area of procurement was worrying. His delegation hoped that the matter could be rectified.

40. With regard to the Centre for Human Rights, the Office had stated that vacancies at the intermediate managerial level had continued to be offered internally and that the skill profile remained uneven. It had recommended that a particular effort should be made to fill future vacancies through external recruitment in order to strengthen the

Centre's expertise. That recommendation seemed reasonable, but he wondered whether the Office had paid sufficient attention to the technical support that the Centre could provide for developing countries, since that was another important area of activity.

41. The Office had noted deficiencies and irregularities in the operation of the International Criminal Tribunal for Rwanda. The workings of several organs of the Tribunal had been affected by short-term funding arrangements that had limited the ability to recruit the necessary experienced staff. The Office had emphasized the need to provide the Tribunal with sufficient funds and had made recommendations in that regard which he fully endorsed.

42. With regard to the recruitment of experts and consultants in the Department of Development Support and Management Services, mentioned in paragraph 100 of the annual report, deficiencies persisted, in part because recruitment sources were not sufficiently diversified. His delegation considered it most important that recruitment should take place on the basis of equitable geographical distribution.

43. Turning to the question of strengthening internal oversight mechanisms for operational funds and programmes, he noted that in some cases there was a satisfactory level of cooperation between the Office and those bodies; however, difficulties could arise. Operational funds and programmes should themselves determine the kind of cooperation they wished to establish with the Office to enhance their capacities. In that regard it would be wise to heed the views of the Legal Counsel contained in document A/C.5/52/12 in order to clarify the situation.

44. **Mr. Watanabe** (Japan) said he wished to emphasize five points. First, given the importance of the Organization's regular budget and the peacekeeping budget, the concepts of transparency and accountability were crucial. They should apply first of all to the Office itself; the basic purpose of oversight was to promote transparency and accountability. Secondly, the concept of checks and balances was also very important. The office enjoyed a certain independence within the Secretariat, and his delegation welcomed the fact that it could report directly to the Secretary-General. Thirdly, activities should be put in order of priority. There were limited resources available, and in the context of reform choices had to be made. The Office had therefore been right to focus on peacekeeping, humanitarian activities and procurement. Fourthly, it must be noted that after three years of existence the Office had achieved real results, particularly in terms of savings, and should be congratulated for that. Fifthly, while relations with the media were indeed difficult, the media had a very important role to play, and the support that they could give the Office should not be overlooked. Lastly, he emphasized his country's complete support for the Office's activities.

45. **Ms. Peña** (Mexico) drew attention to paragraph 91 of the report, which dealt with audits conducted at the Subregional Office of the Economic Commission for Latin America and the Caribbean in Mexico City, and noted that the Office of Internal Oversight Services had been informed that appropriate action had been taken to remedy inadequate monitoring of subprogramme implementation and cases of over budgeting and inadequate compensation of costs. She wished to be given further information on those measures through informal consultations or through bilateral channels.

46. Turning to document A/C.5/52/12, in which the Legal Counsel gave his opinion on certain provisions of General Assembly resolution 48/218 B, she said she did not share the view that the Office's recommendations should be transmitted to Member States for information without the General Assembly having to take a decision on them. Of course, the Office could make recommendations on routine management which did not need to be approved by intergovernmental bodies, but it had no business assuming powers that belonged exclusively to Member States with regard to programme matters or the creation of oversight mechanisms for operational funds and programmes.

47. Lastly, she requested a breakdown of the savings reported by the Office, which had been achieved as a result of its activities.

48. **Mr. Paschke** (Under-Secretary-General for Internal Oversight Services) thanked the delegations which had expressed their support. Internal oversight was not in and of itself highly appreciated, but it was indispensable in a huge bureaucracy, and all large organizations had to consider it an aspect of management. The interest displayed by Member States was crucial in determining the influence that the Office could exercise within the United Nations.

49. He first wished to thank the representative of Ukraine for his positive statement in which he had said that the Office should keep its priorities constantly under review and should reorganize its work to focus on the productivity, recruitment and employment of consultants and on short-term appointments and other issues. The Office was actively seeking to improve its working methods, and the questions raised by the representative of Ukraine would be included in some of the reports that he proposed to issue shortly.

50. In reply to a question from the representative of Saudi Arabia, he confirmed that the Audit and Management

Consulting Division regularly monitored United Nations profit-making activities and that the gift shop would therefore be included in the audit cycle. The representative of Saudi Arabia had also asked for clarification of the significance of the Legal Counsel's opinion that the Office's reports should be communicated to programme directors for implementation of the relevant recommendations and that the General Assembly should subsequently be informed of any measures taken, with the annual report submitted to the General Assembly solely for information. As far as the Secretariat was concerned, that simply meant that it was for programme directors to give effect to the Office's recommendations. Naturally, it was expected that the General Assembly would give its opinion on the recommendations and on the work of the Office and that its discussions would draw on the information contained in the reports, but there was no need for it to approve the recommendations.

51. Replying to the representative of Algeria, who had sought some clarification about the cost savings and recoveries indicated on page 14 of the Office's annual report, he said that one thing should be borne in mind when considering the table: while it was a responsibility of the Administration to take action to save costs and recover overpayments, such cost savings and recoveries sometimes depended on decisions taken by other bodies – the joint appeals bodies, for example – which determined the exact amount of the savings and recoveries effected. They were not necessarily stated during the period under consideration or for the financial year to which they belonged, even if the Administration had already taken certain measures. For example, the cost savings and recoveries recommended by the Office for 1996-1997 amounted to about $29 million, but many recommendations had not yet been acted upon. Almost $18 million in cost savings and recoveries had also been reported for the same financial year, but that amount included sums declared during that period and resulting from the implementation of recommendations adopted during the year in question or earlier years. The Office used several categories of statistics which could be illustrated by examples. The category "Recoveries" included incorrect payments identified by the Office which the Administration had to recover. The recommendation addressed to ECLAC concerning the recovery of rent overpayments totalling $291,000 made by the Organization owing to an over-estimate of the area of the premises occupied by ECLAC in Mexico fell in that category. The second category, entitled "Prevention of overpayment" applied to circumstances in which transactions would have involved overpayments if the OIOS auditors had not intervened. The audit of the United Nations Centre for Human Settlements had for example led to a reduction in that body's expenditure account. The third category was "Expenditures reduction". It was usually a question of specific recommendations made by the Office which resulted in lower expenditure thanks to cost savings or increased productivity recommended by the auditors. The unspent amounts remained in the budgets of the units concerned and could be re-used for other priorities. For example, the Office had recommended the implementation of the proposed plan for the redeployment of the equipment used by UNAVEM III in its air operations, which would lead to cost savings and rationalization of the operations. The category "Prevention of excessive or unjustified expenditure" applied to situations in which the Office had intervened in good time to prevent excessive or unjustified expenditure. For example, following an OIOS audit of the programmes implemented by the Office of the United Nations High Commissioner for Refugees in Bosnia and Herzegovina it had been recommended that the amount of reimbursements made to an operational partner for project expenditure should be cut by $174,000 since some of the advances had not been used and some supplies had been invoiced but not delivered. The last two categories were "Additional income" and "Budget reduction". They concerned respectively the recommendations made by the auditors for the development of income-generating activities and for reduction of the appropriations requested by various offices. In the first case, for example, OIOS had recommended that the Economic Commission for Africa and the Economic and Social Commission for Asia and the Pacific should raise the rents which they charged for premises let to private clients or other United Nations bodies in order to bring them closer into line with the rates generally charged; in the second case, it had recommended a reduction of the accommodation appropriations requested by the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) since the local authorities had made facilities available free of charge.

52. Replying to the Indian delegation, which had requested clarification about the inspection of the International Trade Centre (ITC), he said that the recommendations addressed to the Administration in the inspection report were intended to strengthen the management of the Centre by establishing appropriate internal monitoring mechanisms dealing in particular with improvement of staff skills, rationalization of administrative services, and other internal arrangements for providing collective guidance. The inspection report dealt with matters connected with internal management, and the implementation of the recommendations did not require

any decisions by legislative bodies. However, a discussion of the Centre's guidance mechanisms in the Joint Advisory Committee, which was its principal management authority, would be legitimate and welcome.

53. The Korean delegation had stated its concern about the negative image which the media sometimes gave of the Office's work and it had stated that the Office should point out the successes and try to present a more balanced picture to the outside world. In fact, the annual report did give due credit to a number of departments and "clients" for their receptiveness. It was true that the media sometimes used pejorative language to describe the functions of OIOS, but there was no magic formula for persuading them not to do so. At the time of the publication of the annual report, he had taken pains to highlight the positive aspects and the progress made by the Organization in the battle against fraud, waste and irregularities. But if the media concentrated exclusively on the negative aspects there was nothing that could be done. A number of press articles had in fact given an objective account of the annual report. That was not true of the article published recently in *The New York Times* supplement, which had grossly distorted the reality and had used information normally reserved strictly for internal use. The United Nations did not have and had never had a clearly defined policy on the modalities for use of internal documents. Documents could be freely reproduced. Moreover, OIOS had to communicate its draft reports within the framework of the dialogue which it maintained regularly with its "clients" and the bodies which were audited. It was thus impossible to identify the source of any leaks with a view to taking the necessary disciplinary action. The situation was no doubt regrettable, but it could not be corrected except by taking draconian measures which would impair transparency in the Organization and would therefore be judged unacceptable.

54. The delegation of Mozambique had rightly stressed the need to maintain and strengthen the Office's independence. On the point raised by the Russian Federation, he drew attention to the establishment of a computer system which ought to enable the Office to track the application of each of its recommendations. In reply to the question from the representative of the United States about the criteria used for the selection of reports to be published, he said that all the reports written at the express request of the General Assembly were submitted to the Assembly, as were reports on in-depth evaluations and inspections. In the case of audit reports, one of the criteria used for deciding that a given report should be submitted to the Assembly was the question of whether its conclusions were sufficiently important and complicated to justify an interest on the part of the Assembly. The size of the sums in question and the detection of fraud or irregularity were other relevant considerations. From another standpoint, it would be wrong to inundate the General Assembly with routine audit reports produced as part of everyday oversight activities. It was clear that in the case of investigation reports caution and respect for the guarantees of due procedure were necessary, as Canada had rightly emphasized. If the Secretary-General specifically requested the Office to take up a particular matter in order to help him to discharge his responsibilities as Chief Administrative Officer, the Office would no doubt be required to report only to the Secretary-General and not necessarily to the Assembly. With regard to the Code of Conduct, also mentioned by the representative of the United States, the adoption of the code by the General Assembly would constitute only a first step towards solving the problems raised by the Office in the course of its work. It would then be necessary to amend the Staff Regulations and Rules, a matter requiring more detailed examination. Lastly, if any recommendations remained dead letters, OIOS always requested programme directors to justify the cases of non-implementation. Circumstances could change and recommendations might no longer be valid. However, if they were still valid, the Office continued to demand their implementation. He requested the Chairman to allow him to defer to a subsequent meeting the replies which he wished to give to other delegations.

The meeting rose at 12.05 p.m.